March 1973 **BETHLEHEM REVIEW**

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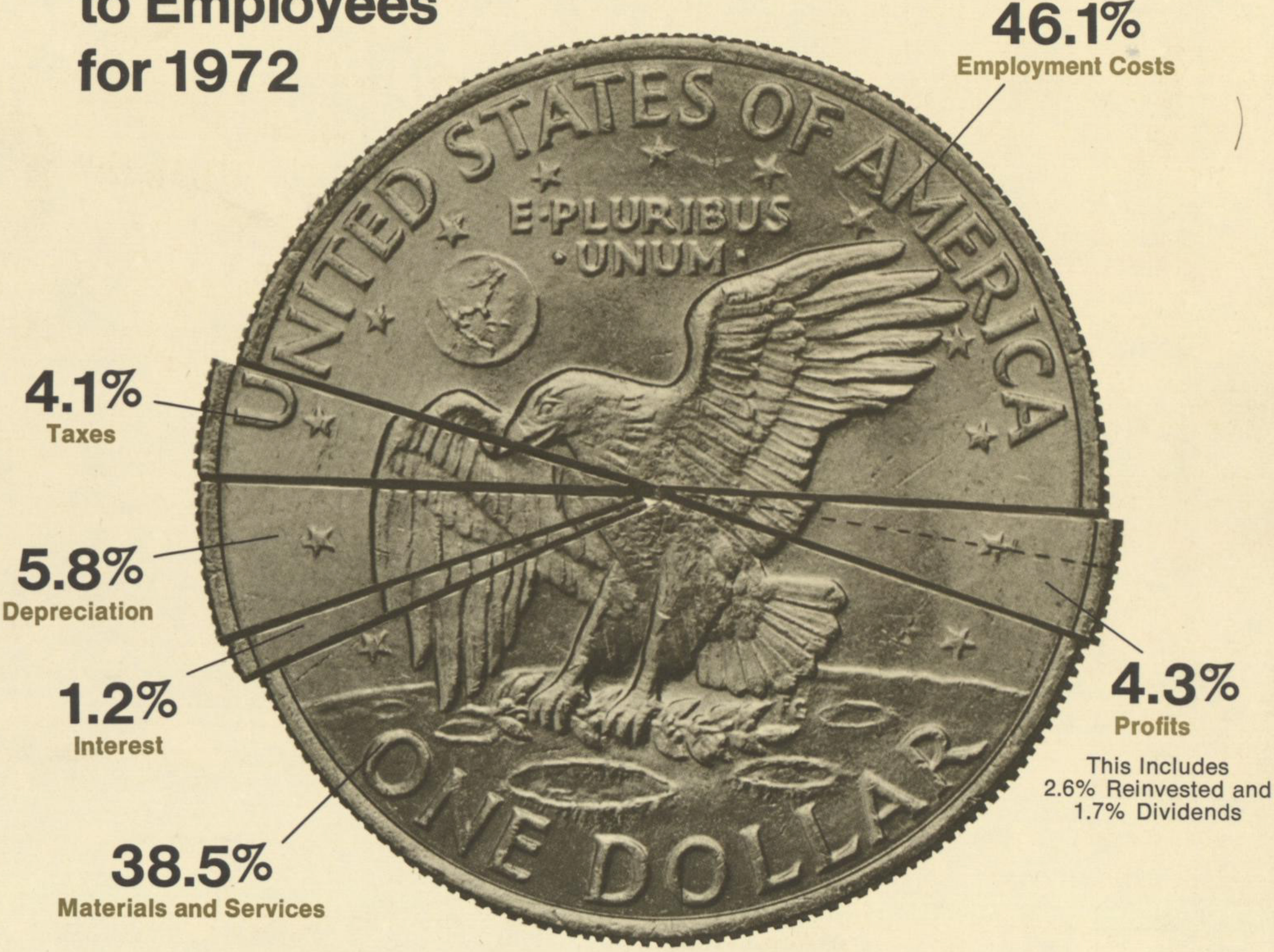
Annual Report to Employees for 1972



1972--Bethlehem's first $3 BILLION year

Despite the fact that Bethlehem Steel's revenues topped the $3 billion mark for the first time in the corporation's history, 1972 was not a good year — not good for our employees, our stockholders, the corporation itself. It fell far short of expectations on many counts. Shipments of steel products did not reach the levels we had hoped for at the beginning of the year.

(please turn the page)

Annual Report to Employees

At the start of 1972, we were hopeful that the domestic steel industry as a whole would ship in the neighborhood of 94 million net tons of finished steel products. Instead, shipments totaled just under 92 million tons.

Though the general market for steel picked up in the latter part of the year, the demand for structural steel shapes, plates, reinforcing bars, and other steels used by the construction and machine-tool building industries lagged well behind the general economy. Bethlehem's product mix is weighted in favor of these construction steels, so we did not benefit as much as some other companies from the general upswing.

Foreign Imports off Slightly

Although imports of steel into this country declined in 1972 by 3% from their level in 1971, they are still too large. A little over 17.5 million net tons of steel came into the United States during 1972 — and that's about 5 million tons more than Bethlehem delivered.

Where Bethlehem's 1972 Revenues of $3,138,177,000 Went

Employment Costs ($1,448,596,000) — This covered wages and salaries and employee benefits.

Materials and Services ($1,208,336,000) — Paid for the materials, goods, and services Bethlehem bought.

Depreciation ($180,823,000) — This represents the wear and tear on our production facilities and the depletion of our raw material sources.

Taxes ($127,496,000) — Provided by Bethlehem to Federal, state, local, and foreign governments.

Interest ($38,342,000) — This is the interest and other charges paid on money Bethlehem has had to borrow.

Dividends ($53,396,000) — Paid as dividends to stockholders — the 202,000 people who own Bethlehem.

Reinvested ($81,188,000) — What was left over from total revenues of $3,138,177,000 to plow back into Bethlehem facilities — and into Bethlehem jobs.

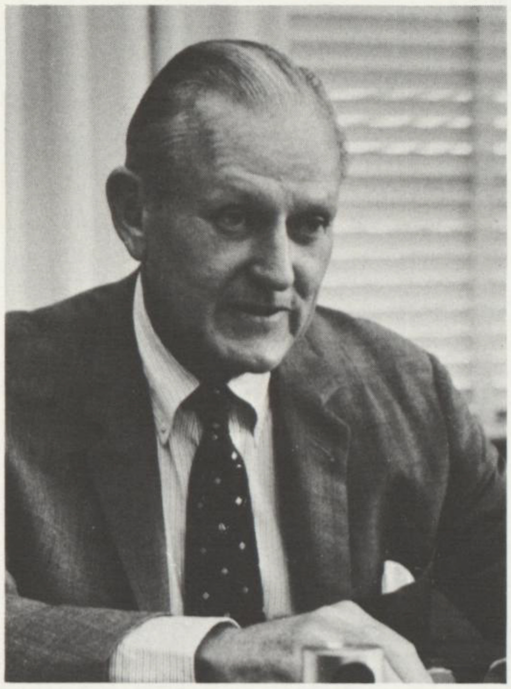
Bethlehem's shipments to customers fell slightly, to 12,494,000 net tons in 1972 from 12,577,000 a year earlier. However, nearly a million more tons of raw steel was turned out by Bethlehem plants in 1972 than in 1971 — 18,334,000 vs. 17,439,000. Part of the raw steel tonnage of '72 went into inventory against 1973 orders.

Though total revenues broke through the $3 billion level in 1972, all the way to $3,138,177,000, Bethlehem's net income — what's left over after all bills were paid — fell to 4.3 cents on the dollar of revenue. That was down 0.3 cents from the 1971 level — and 1971 certainly could not be labeled a "good year."

(Turn to page 19)

Highlights of Bethlehem's Operations 1972

	1972	1971
Total Revenues	$3,138,177,000	$2,999,358,000
Net Income — Amount	$ 134,584,000	$ 139,239,000
Per dollar of revenues	4.3¢	4.6¢
Dividends paid to stockholders	$ 53,396,000	$ 53,246,000
Raw steel produced (net tons)	18,334,000	17,439,000
Steel products shipped (net tons)	12,494,000	12,577,000
Steel orders on hand (12/31)	$ 776,000,000	$ 636,000,000
Employment and wages:		
Average monthly number of employees receiving pay	109,000	116,000
Total employment costs	$1,448,596,000	$1,323,579,000
Additions and Improvements to properties:		
Expenditures	$ 183,584,000	$ 305,996,000
Authorized (12/31)	$ 532,300,000	$ 338,600,000
Taxes	$ 127,496,000	$ 142,734,000
Insurance Programs:		
Employees or beneficiaries receiving life insurance or sickness and accident payments	21,441	25,070
Life insurance and sickness and accident payments	$ 25,939,000	$ 24,338,000
Hospital, surgical, and medical benefits	$ 52,070,000	$ 48,946,000
Supplemental Unemployment Benefits:		
Employees receiving benefits	32,363	42,788
Benefits paid	$ 18,147,000	$ 18,100,000
Pensions:		
New pensions	4,385	3,737
Pensions in effect (12/31)	31,444	28,804
Payments to pensioners	$ 80,687,000	$ 67,503,000



To Bethlehem Employees:

We were not happy with 1972, as the annual report to employees makes clear in this issue. But some of last year's disappointment is offset by our hopes for 1973.

First of all, we rejoice that for the first time in a decade, Americans are not engaged in a shooting war anywhere. Peace in Vietnam is welcomed by all of us with gratitude and relief.

Just for the record, Bethlehem's steel shipments for military purposes have been less than one percent of our output. We much prefer, as do all people everywhere, to see that small fraction put to peaceful purposes and in 1973 it seems that it will be.

The general economy is moving up. Our order entry across the board is good to excellent. Shipments to appliance manufacturers and the auto industry picked up in the second half of 1972. Even the construction steels — structural shapes, plates, and reinforcing bars in which we are heavily committed — have picked up noticeably in the last few months.

Also, in the past few months, we have lighted some steelmaking furnaces that have been idle since the latter part of 1971. We're adding turns at our mills. That's good news for all of us for it reflects a jump in orders.

We will continue to spend millions of dollars to improve our production facilities to meet the increasingly stiff demands of our customers for quality steels. We will continue to look for ways to increase our production efficiency. This will need your help — and I am confident you will give it.

Stewart S Cort

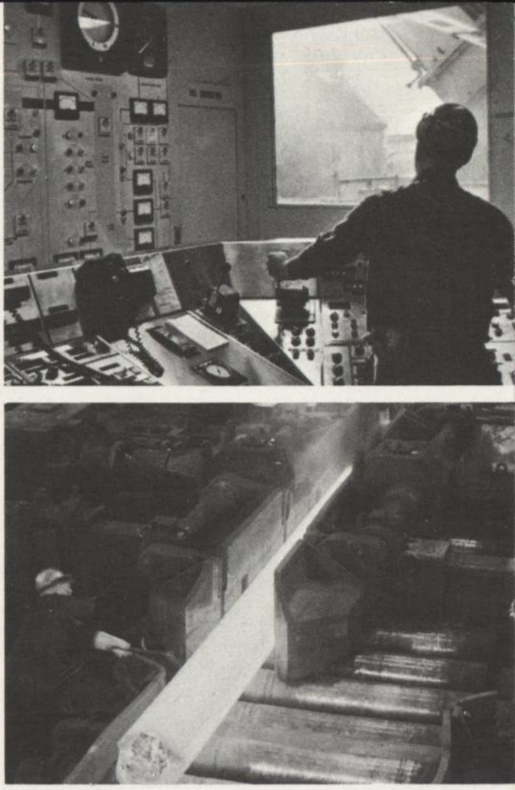
BETHLEHEM REVIEW A bulletin of news for Bethlehem Steel employees

No. 139 ■ Bethlehem, Pa. ■ March, 1973 ■ An Equal Opportunity Employer

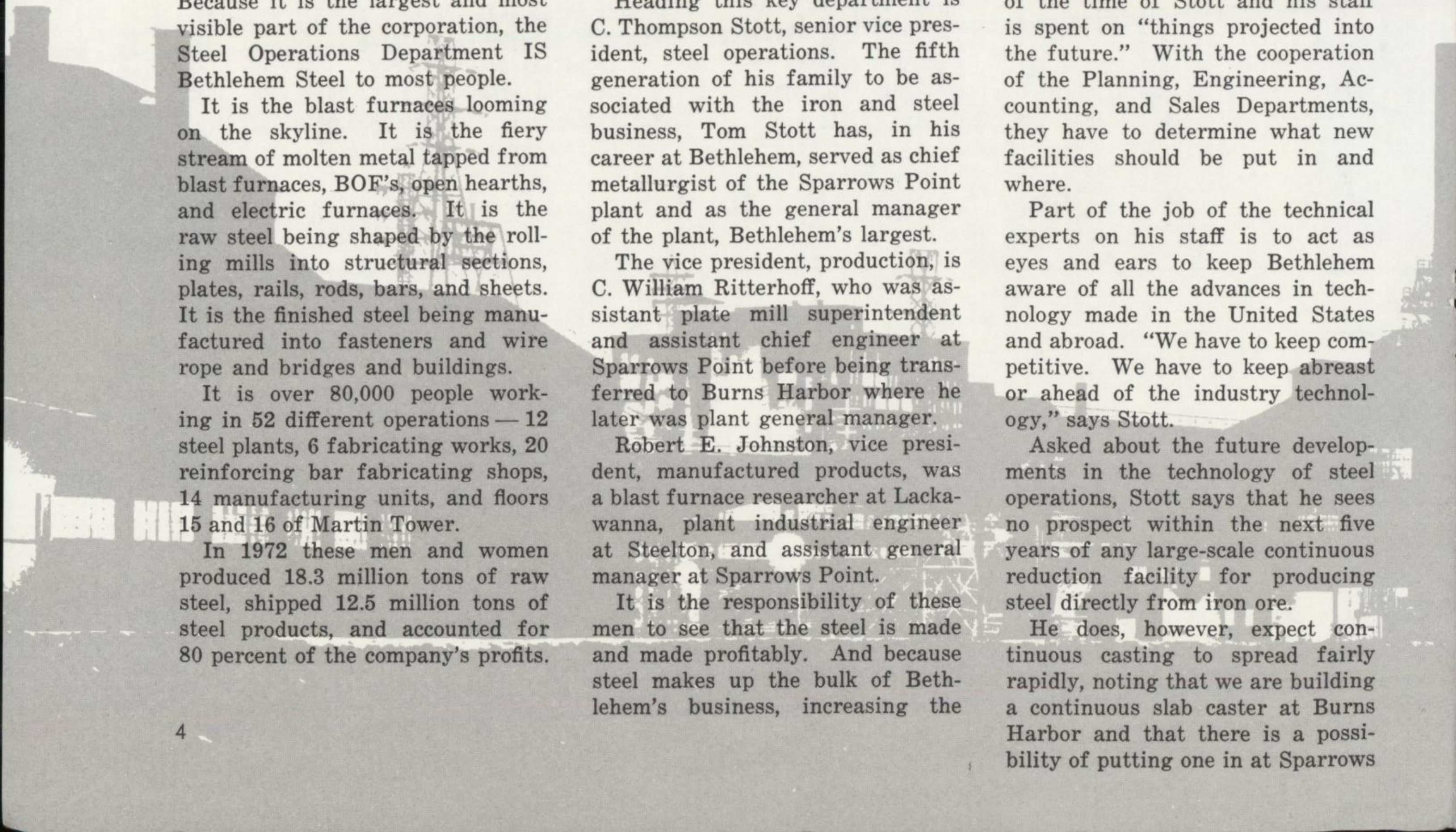
Know Your Departments

Steel Operations:

Plants Production People Profits



BOF shop and rolling mill.



Because it is the largest and most visible part of the corporation, the Steel Operations Department IS Bethlehem Steel to most people.

It is the blast furnaces looming on the skyline. It is the fiery stream of molten metal tapped from blast furnaces, BOF's, open hearths, and electric furnaces. It is the raw steel being shaped by the rolling mills into structural sections, plates, rails, rods, bars, and sheets. It is the finished steel being manufactured into fasteners and wire rope and bridges and buildings.

It is over 80,000 people working in 52 different operations — 12 steel plants, 6 fabricating works, 20 reinforcing bar fabricating shops, 14 manufacturing units, and floors 15 and 16 of Martin Tower.

In 1972 these men and women produced 18.3 million tons of raw steel, shipped 12.5 million tons of steel products, and accounted for 80 percent of the company's profits.

Heading this key department is C. Thompson Stott, senior vice president, steel operations. The fifth generation of his family to be associated with the iron and steel business, Tom Stott has, in his career at Bethlehem, served as chief metallurgist of the Sparrows Point plant and as the general manager of the plant, Bethlehem's largest.

The vice president, production, is C. William Ritterhoff, who was assistant plate mill superintendent and assistant chief engineer at Sparrows Point before being transferred to Burns Harbor where he later was plant general manager.

Robert E. Johnston, vice president, manufactured products, was a blast furnace researcher at Lackawanna, plant industrial engineer at Steelton, and assistant general manager at Sparrows Point.

It is the responsibility of these men to see that the steel is made and made profitably. And because steel makes up the bulk of Bethlehem's business, increasing the profitability of steel products is essential to the survival of the corporation and of employees' jobs.

"The steel industry has some real problems and we are going to have to solve most of them ourselves," says Stott. "In solving these problems, our number one priority is how to get more profit out of each ton of steel."

In addition to profitability, much of the time of Stott and his staff is spent on "things projected into the future." With the cooperation of the Planning, Engineering, Accounting, and Sales Departments, they have to determine what new facilities should be put in and where.

Part of the job of the technical experts on his staff is to act as eyes and ears to keep Bethlehem aware of all the advances in technology made in the United States and abroad. "We have to keep competitive. We have to keep abreast or ahead of the industry technology," says Stott.

Asked about the future developments in the technology of steel operations, Stott says that he sees no prospect within the next five years of any large-scale continuous reduction facility for producing steel directly from iron ore.

He does, however, expect continuous casting to spread fairly rapidly, noting that we are building a continuous slab caster at Burns Harbor and that there is a possibility of putting one in at Sparrows

In Bethlehem for a meeting of the plant general managers are (standing l to r): R. M. Jordan, Lackawanna; H. R. Knust, Johnstown; J. W. Colbert, Sparrows Point; R. J. Russo, Buffalo Tank; N. W. Merrill, Reinforcing Bar Fabricating; R. L. Summers, Jr., Steelton; R. L. Riley, Lebanon; H. C. Ballard, South San Francisco; W. J. Bolton, Seattle; H. F. Miller, Bethlehem. Seated, l to r, are: J. A. Creighton, Jr., Burns Harbor; R. J. Tremblay, Los Angeles; A. F. Beighley, Williamsport; T. E. Dalby, Fabricated Steel Construction; and C. T. Stott.

Point. Also under consideration for Sparrows Point is a blast furnace which would be considerably larger than any other built in this hemisphere.

Over the past five years Bethlehem has invested an average of $325 million a year in new facilities and equipment. A good portion has gone for pollution control facilities which, though necessary to clean up the environment, are nonproductive and costly to operate.

What concerns Stott is that additional large amounts of capital will be required to comply with stringent environmental regulations.

"It may take as much as $250 million in the next five years and that's not the end of it." Each pollution-control facility, he explains, adds to a plant's yearly operating cost at the rate of 10 to 15 percent of the initial cost of the equipment.

Because steel operations require huge amounts of coal, oil, gas, and electricity, the energy crisis is also having its effect. "The price of energy increased about 11% in 1972 over 1971 and it appears that it will continue to increase in the future," says Stott.

Turning to steel products, Stott says, "For the future, control of quality and better service will be even more important than they are today. When we sell steel, the only thing we really have to sell is our quality and our service."

Tom Stott emphasizes frequently that all of the thinking and direction of steel operations is not handled at the corporation offices here in Bethlehem. Each of the steel plants is run more like an independent business — and a big business at that. Each of Bethlehem's major steel plants produces a large enough dollar volume of steel to place it among *Fortune* magazine's list of the top 500 corporations in the U. S. And in 1971 a corporation had to have sales of about $175 million per year to make the list.

Stott describes each plant as an independent unit, where the general manager and his staff are responsible for the day-to-day operations. Each general manager is responsible for his work force of thousands of employees, for operating his furnaces, mills and shops as efficiently as possible, for keeping them in good repair, and for producing steel at the lowest possible cost while meeting customer standards for quality and service.

Some factors which contribute to costs are obviously outside his control and cannot be affected by his actions — the costs of raw materials and taxes, for example.

Let's take a look at the major plants of steel operations:

Bethlehem Plant

This plant is the nucleus from which the entire Bethlehem Steel Corporation has grown and is the largest producer of structural steel in the nation. It is also a leading source of giant forgings, tool steel, steel rolls, and ingot molds.

Sparrows Point Plant

Located on tidewater to enable it to receive ocean-going shipments of raw materials, the Sparrows Point plant is one of the largest steel plants in the world. It is the nation's largest producer in one location of tin-plated and chrome-coated steel for containers. It also produces large quantities of plates, sheets, pipe, rods, and wire.

Lackawanna Plant

The Lackawanna plant is located just south of Buffalo, N.Y. on Lake Erie where it, too, can receive boatloads of raw materials. It is a major supplier to the automotive market for which it produces sheet, strip, and carbon and alloy bars. Among its other products are structural shapes and piling, plates, reinforcing bars, and guard rail.

Burns Harbor Plant

The nation's newest, most sophisticated steel plant, Burns Harbor, is located 30 miles east of Chicago on the Indiana shoreline of Lake Michigan, again, to take advantage of the economies of receiving raw materials by the boatload. It has established Bethlehem as a major factor in the Midwest steel market and produces plates, hot- and cold-rolled sheets, and tin-plated and chrome-coated steel.

Johnstown Plant

Located about 65 miles east of Pittsburgh, this plant is a leading producer of freight cars, wheels and axles, ferromanganese, plates, bars, rods, and wire.

Steel Operations:

C. T. Stott talks to a plant manager on the speaker-phone at the morning meeting. With him are F. A. Baker, R. E. Johnston, G. F. Kennerdell, G. L. French, C. W. Ritterhoff.

Steel operations headquarters staff specialists are, from left around the table: G. L. French, raw materials and ironmaking; S. M. Brown, metallurgy; F. J. Broglie, steelmaking; H. E. Hattal, hot rolling; F. A. Baker, Jr., plant facilities; G. F. Kennerdell, administration; W. S. Painter, flat rolling; V. Niemitz, product evaluation; E. P. Gillett, industrial relations and personnel; J. W. Leming, Jr., pollution abatement; T. F. Law, Jr., power and utilities; W. D. Poole, tin plate quality; D. W. Thurlow, industrial engineering.

Steelton Plant

Just south of Harrisburg, Pa., is the Steelton plant. Its three modern 150-ton electric furnaces turn out over a million tons of steel annually for rails, railroad trackwork, and reinforcing bars. Its pipe mill produces large-diameter gas, oil, and water pipe.

Lebanon Plant

The Lebanon, Pa., plant is a large and unique facility for manufacturing steel fasteners, which range from standard nuts and bolts to special devices for high-temperature, high-pressure service.

Williamsport Plant

The Williamsport plant in north-central Pennsylvania is the largest single wire rope plant in the country. It produces wire rope used in many of the nation's tallest buildings and deepest mines, and in many other industrial applications.

Pacific Coast Plants

The Los Angeles plant has three electric furnaces which produce steel for structural shapes, wire, and fasteners.

The South San Francisco plant rolls steel billets into bars and structural shapes.

The Pinole Point plant produces galvanized sheet for ductwork, guard rail, and consumer products.

The Seattle plant, with two electric furnaces, produces fasteners, bars, plates, and structural shapes.

Bridges and buildings are fabricated at Fabricated Steel Construction works at Bethlehem, Leetsdale, and Pottstown, Pa.; Chicago, Ill., and Pinole Point and Torrance, Calif.

Steel reinforcing bars for concrete work are formed in 20 shops in major construction areas from Boston to Los Angeles, from Seattle to Miami. Steel storage tanks, culvert pipe, and other products are made in 14 Buffalo Tank facilities.

In talking about Bethlehem's many and diverse operations, Tom Stott says, "Part of my job is to make this place tick. And that requires close communication and coordination on a daily basis."

Every morning at 9 a.m., he gathers four or five members of his staff in his office and begins placing calls to the general managers of Bethlehem's largest steelmaking plants. By 10 a.m. he has a clear idea of just how matters stand at these widespread facilities and the general managers have a clear idea of just what has to be done to keep all the steelmaking operations functioning as a team.

On a typical day, he begins with Russ Knust, general manager of the Johnstown plant, who reports that billet costs are going to be better next month.

From Bob Jordan at Lackawanna, Stott learns of the plant's plans for putting another blast furnace on line.

There is some discussion with Harold Miller, at the Bethlehem plant, of the possibility of running a fourth blast furnace to provide iron required to balance out the needs of one of the other plants.

Bob Summers at Steelton reports on his plant's production costs regarding a major line pipe order that is up for bids.

John Colbert at Sparrows Point expresses concern about the recent rise in the price of coal and iron ore. He also revises upward his estimate of the amount of steel Sparrows Point will be able to produce that month.

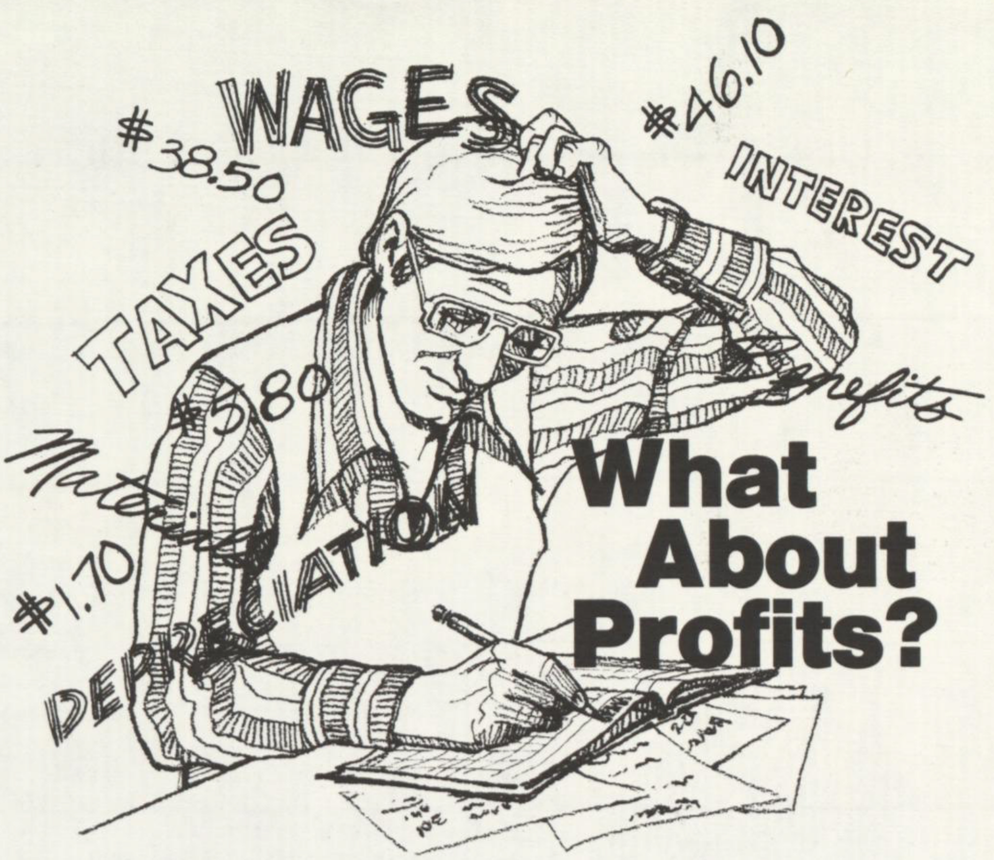
Out at Burns Harbor, Jim Creighton announces with pride that one of the basic oxygen furnace vessels set a new record of 41 heats of steel in a 24-hour period, or one 300-ton heat every 35 minutes around the clock.

The last call of the morning meeting was made to Charlie McCarty, manager of production scheduling, who opened his conversation by saying, "Well, we had another excellent entry day, so things are looking pretty good." He then summarized the status of orders, production, shipments, and inventories at the various plants.

After the phone conversation, Stott turns to the others in the room for a discussion of some of the current problems — and they start seeking solutions.

In spite of the concern he expresses about various problems, Tom Stott is confident of Bethlehem's ability to meet and overcome them. "We are staffed with competent people, we have excellent facilities, and considerable financial strength. With a reasonable share of the market and a fair price for our products we'll do all right — and maybe even a little better."

What About Profits?



"Just as a rough guess, what percent profit on each dollar of sales do you think the average manufacturer makes?" What would your answer to that question be?

The fact is — the average manufacturer makes only about 4 percent profit on each dollar of sales. Most people think it is 7 times that much.

Why the big difference between what people think profits are and what they really are? We don't know, but maybe it has something to do with people thinking that "profit" means the same thing as "markup" — what a store adds to the price it pays the wholesaler.

Let's say we walk into our friendly neighborhood hardware store to buy a gadget that costs $1.28. Later, we find out that the wholesale price of the gadget is only $1.00. Ah-ha, we say, that guy is making a profit of 28 cents on that gadget.

It's Not All Profit

What we haven't figured is that the store owner has to pay himself and his employees; pay interest on the money tied up in inventory so you can have the gadget when you want it; pay the cost of running (and eventually replacing) his delivery truck; pay the heat, electricity, and telephone bills; pay the interest on the mortgage on the building; pay the property taxes and the business income taxes.

What he has left after all the bills are paid is his profit, and part of this goes to his brother-in-law who put up the money for the business. In an average retail store, profit comes out to 1½ cents on every dollar of merchandise sold. That's right, 1½ percent.

The funny thing is that most people think that about 10 percent profit on sales would be a fair return.

Let's take a look at where the money goes from, say, a $100 check Bethlehem receives from a hardware wholesaler for a shipment of bolts.

Where the Money Goes

Of that $100, first subtract $46.10 to pay the Bethlehem employees who mined the coal, poured the iron, rolled the steel, and sold the bolts. That leaves $53.90. Now subtract $38.50 for what Bethlehem has to pay for supplies such as bricks, fuel, electricity, and freight. That leaves $15.40. (In case you haven't noticed we just dropped well below the level people think companies have left as profit.)

Keep Subtracting

From that $15.40, subtract $4.10 for federal, state, local, and foreign taxes, and you have $11.30 left. Now subtract $1.20 for the interest Bethlehem must pay on its debts and you have $10.10 remaining. Remember, 10 percent is the amount the public said they considered a fair profit, and Bethlehem would be very happy to be able to stop right here. But another $5.80 has to go to replace machinery that is worn out or obsolete. This is called "depreciation."

The $4.30 that is left is the net profit of Bethlehem Steel on each $100 of steel it sells. What happens to that $4.30? Well, Bethlehem still has to pay the stockholders, the company's owners, for use of their money. And the stockholders' investment in Bethlehem Steel amounts to over $2 billion.

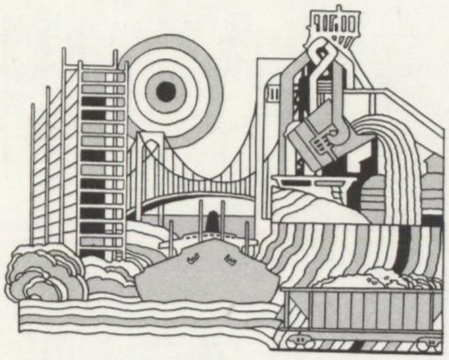
So subtract $1.70 from each $100 of sales for stockholders' dividends and you have $2.60 left. Left for what? Left to put back into the business to keep the company healthy and competitive. In an average year, Bethlehem spends about $325 million for replacement of old facilities and for new and improved facilities. This money has to come from several sources. Some comes from depreciation. Some comes from loans. And some of it must come from current profits. It's very much like buying a car and having to use some money from savings, some from a bank loan, and some from your checking account to come up with the necessary amount.

Why are profits necessary to keep the company, and the economy, healthy?

In a competitive market, capital funds flow to the more attractive profit areas, and steel has been near the bottom of the profitability list for some time. To build the additional capacity needed to meet the growth in steel demand by 1980, we need to improve our profit position in order to attract the capital funds required.

Union-Management Cooperation...

A New Route to Efficiency



A few days after the December *Review* went into the mail, an associate asked us about the art work used to illustrate the article in that issue by Mr. I. W. Abel, president of the United Steelworkers of America. "Is it a rising or a setting sun?" he asked.

Our answer, naturally, was "It's rising!" For only the week before we had attended a day-long meeting in Washington, D.C. — along with some 800 other steel union and management people — on productivity and ways to improve it within the steel industry. We came away from that conference convinced that a new day was ahead for steel. But we were also convinced that only we — Bethlehem people, working together — can keep that sun rising.

We're so convinced that steel's sun is on the rise, we're going to keep using that same art work whenever we talk about improving efficiency in the *Review*. It carries a lot of symbolism in it — symbolism for all of us in our efforts to find new and better ways to do our jobs individually and collectively.

I. W. Abel, with obvious pride, told the conference that the union and the steel industry had reached that point in life where "we of the United Steelworkers of America and the leaders of the American steel industry have developed mutual understanding and respect to the point that we can take on this kind of task in mutual, cooperative effort. And it will be accomplished," he added.

The task is spelled out in Appendix 17 of the current steel labor agreement. It says, in part:

"The parties recognize that, for their joint benefit, increases in wages and benefits should be consistent with the long-term prosperity and efficiency of the steel industry. The parties are concerned that the future of the industry in terms of employment and return on substantial capital expenditures will rest heavily upon the ability of the parties to work cooperatively to achieve significantly higher productivity trends than have occurred in the recent past."

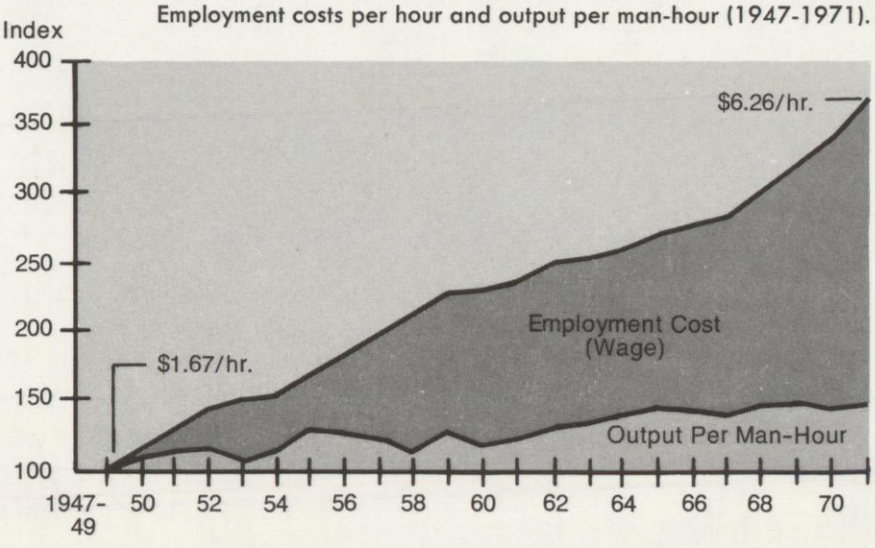
What have those trends been? Poor, at best. In Mr. Abel's words: "I remind you again today that over the past 10 years, the steel industry has enjoyed only a little more than approximately a two percent improvement factor. I don't want to settle, and I know you don't want to settle, for that kind of annual improvement in our standard of life.

"I happen to think," Pres. Abel added, "that a lot of good can come of this productivity provision."

The commitment to seek ways to make steel more efficiently is really a milestone in union-management relations — not just within our industry, but in all U. S. industry. Never before have the two parties committed themselves to walk the productivity path together and to walk it, not as adversaries, but as partners.

Bruce Thrasher, International Representative of the USW, in his report on progress already made by the Joint Committee on Productiv-

Employment costs per hour and output per man-hour (1947-1971).



Bethlehem's Tom Stott and John O'Connell flank USW President I. W. Abel during a break in the Washington conference program.

ity* told the conference:

"You are engaged in attempting to reach a goal toward which the path has not been chartered. Never before in our labor-management relationships have we traveled this path. We are firmly convinced that our future mutual well-being requires that we make significant progress toward the goal. The most important point is that we have taken the first steps.

"The goal is not in sight — as a matter of fact all of you realize that the goal will never be reached in the sense that we will eventually arrive at a point where we can forget about matters of productivity and devote our efforts to other pressing problems."

Mr. Thrasher then outlined the steps which plant committees have taken at steel plants throughout the country. Progress has been made in the areas of absenteeism, preventive maintenance, cost awareness, product quality, and product identification.

But Mr. Thrasher warns, "In the judgment of this committee, the companies and the union will have to increase their activities."

At Bethlehem plants this *is* being done. Committees have been formed at 30 different Bethlehem operations, and by the end of 1972 over 125 meetings had been held. They have tackled a wide variety of problem areas, in addition to those mentioned by Mr. Thrasher, including: start-up times for new equipment, improved maintenance to reduce downtime, and individual plant operations where specific problems exist.

Will the joint effort pay off? Bethlehem thinks it can. So do USW officials. Mr. Abel spoke directly to the two parties in his address to those attending the Washington, D.C., conference.

To management, he said: "Consult with your counterparts in our union. Advise them of your company's problems, and seek their suggestions and advice. I can assure you that they have much to contribute. You may find it hard to believe, but they can teach you a thing or two in the interest of all of us."

And to his fellow union members, he said: "Accept in good faith this opportunity to join in a constructive effort with your counterparts in management. Give of your many talents and know-how. Together, I am sure we can restore the American steel industry to its former world status and assure for the members we are privileged to represent more and better jobs and an expanding standard of life in the years to come."

Bethlehem's management accepts Mr. Abel's challenge. We, too, want to make it work. And, of course, we hope that more than the operations' joint productivity committees will get into the act — that all employees will feel free to make suggestions on ways to improve the jobs which they perform.

One point, however, must be stressed. The effort to increase and improve individual and collective output is not just the responsibility of members of the bargaining units within our operations. It's a job for every employee, no matter whether his input is directly or indirectly related to making steel. Office inefficiency — individual office inefficiency — raises the cost of making steel just as do inefficiencies in our plants, yards, and mines.

Bethlehem Moves Fast

"I came away from the Washington meeting excited," said C. Thompson Stott, Bethlehem's senior vice president, steel operations. "I came away convinced that we now have an attitude and understanding that we've never had before."

Within a month after the Washington meeting, Mr. Stott called his assistant general managers and management's representatives to Bethlehem, Pa., for a conference on productivity, to review what had been done to date, to discuss how it was accomplished, and to determine where future effort should be directed. It was obvious that all of them "got religion" in Washington.

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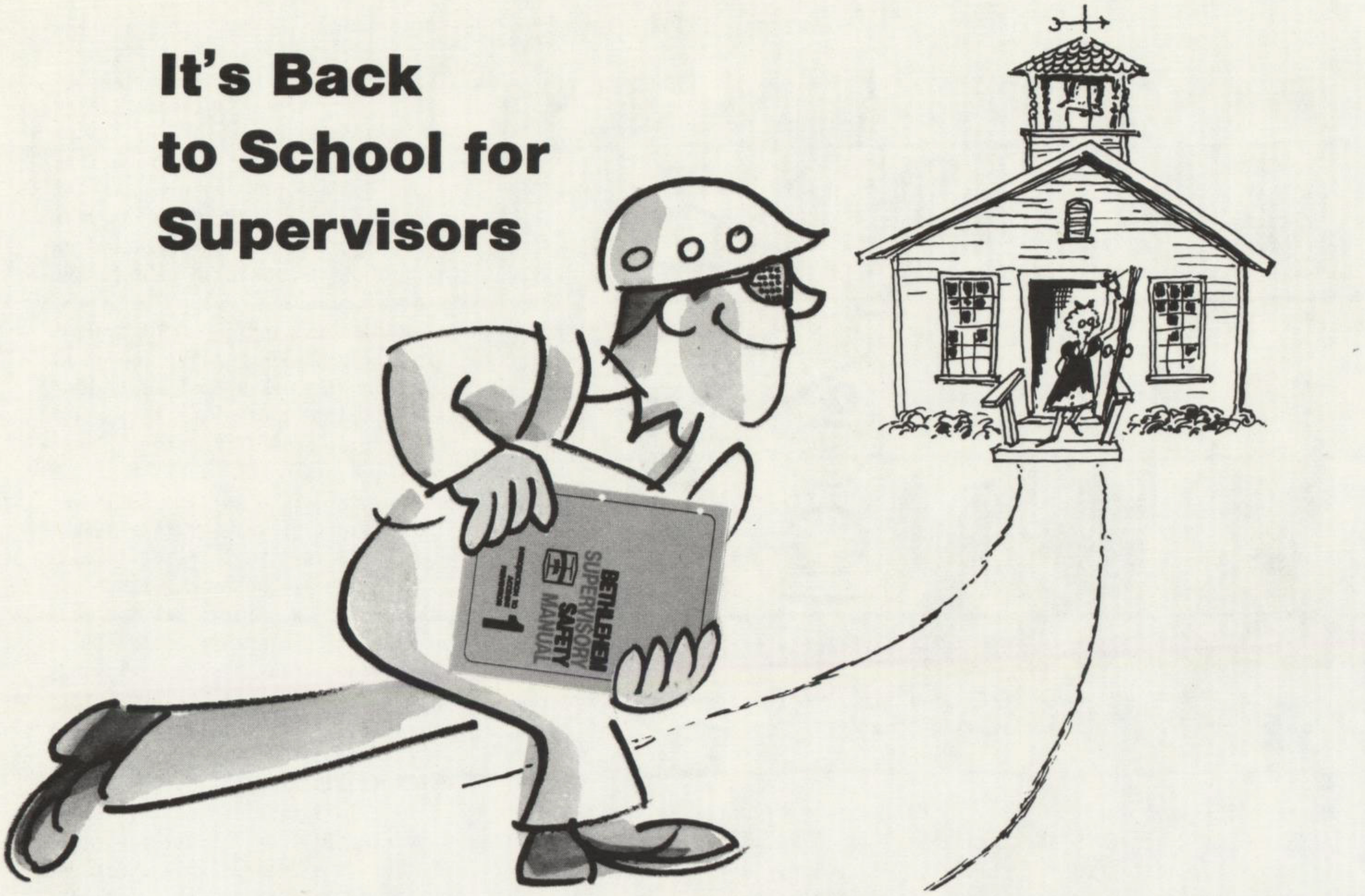
* John J. O'Connell, Bethlehem's vice president, industrial relations, is one of two industry representatives on the Joint Committee on Productivity.

It's Back to School for Supervisors



Bethlehem supervisors are going back to school this spring — not to a little red schoolhouse, but to classes in our plants, shipyards, coal and ore mines, and fabricating shops — anywhere and everywhere where there is danger of an industrial accident happening. They'll be studying accident prevention — how to make Bethlehem operations safer places to work.

This spring, Bethlehem will kick off its new Supervisory Safety Training Program. And before it's over, every supervisor from general manager down to the newest first-line supervisor will know a lot more about how they can keep employees from being hurt on the job.

Ten years ago, Bethlehem introduced a similar safety training program, "Our Next Step to Zero." In that program, too, supervisors went to classes to learn how to run a better safety program. No one questions the benefits from that program. It worked. Supervisors learned how to use the many new safety tools it introduced; our accident experience improved.

But just as production methods change and as new techniques are introduced into manufacturing methods, new techniques to prevent accidents are also needed from time to time. The new Supervisory Safety Training Program contains a lot of new ideas.

As Frank R. Barnako, Bethlehem's manager of safety and workmen's compensation division, industrial relations department, puts it, "It gets harder and harder to continue reducing accidents as the number of accidents themselves are reduced. If we are to eliminate accidents altogether — and that's the ultimate goal of Bethlehem's safety program — we simply have to get smarter about safety.

"That's what this new training program is all about — to better equip the people who are responsible for training people to work safely. As they get better equipped, employees' safety increases."

A 12-chapter text book has been written and printed for supervisors to read and study. Fifteen one-hour audio-visual instructional sessions have been produced to assure that every "student" gets the same instruction, the same quality of instruction. Each class session will consist of nearly 200 color slides synchronized with a 45-minute narration on a cassette tape. (There's a built-in 15-minute discussion period in each session.) Color photography for the program has been shot at various Bethlehem plants, mines, and shipyards.

Since Bethlehem started keeping accurate records of its safety experience in 1916, the curve for our on-the-job accident frequency rate — the number of disabling accidents per million man-hours worked — has been down. There was one major exception — the World War II years when the rapid rise in employment and around-the-clock production sent our rates jumping up.

Bethlehem knows that safety and production can go together, that you can make steel, build ships and bridges, mine ore or coal, safely if supervision has the proper safety tools and if supervision is taught to use those tools properly in training employees. We now have some additional tools and our supervisors will study how to use them.

SAFETY MEMO
TO BETHLEHEM FAMILIES
safety and workmen's compensation division
industrial relations department/spring 1973

Annual Report to Employees on Off-the-Job Accidents in 1972

Off-the-job accidents hurt just as much

43 lives lost!
3,742 disabling-injury accidents!
143,108 days lost from work!

These are sobering statistics but they measure, in a way, the suffering by Bethlehem employees during 1972 as a result of off-the-job accidents. Each accident resulted in an average of 38 days of lost work and pay.

Most of the off-the-job disabling injuries were the result of traffic accidents: 1,208 employees injured and 24 killed. Falls, again, were the second most frequent cause of injury—697 in the home and 236 away from home, including 4 deaths. Other injuries resulted from use of power tools, auto repairs, home improvements, sports, and recreation. Accidents involving these activities caused 1,601 injuries and 15 deaths.

Many of 1972's accidents will be repeated in 1973. The victims will be different—the injuries may vary a little—but there will be the same pain, suffering, and disability. The cold fact is that most such accidents need not happen. They can be prevented if employees detect and correct unsafe conditions promptly and follow safe procedures in their off-the-job activities, as they've learned to do on the job.

To give you an idea of the sort of off-the-job accidents that

Traffic

1972 Total 24 Deaths
1,208 Disabling Injuries

1. When the car in front of him stopped suddenly,______________ lost control of the motorcycle he was riding. The cycle slid under the rear of the auto and he suffered multiple abrasions on his arms, legs, and back.

2. ________________________was fatally injured when his car was struck by a train at a grade crossing.

3. While crossing a street,________________________was hit by a car. He suffered a fractured pelvis.

4. ________________________received a concussion and lacerations of the head when he lost control of his car and it ran off the road.

5. ________________________was fatally injured when the car he was driving skidded on ice and struck a tree.

6. ________________________took a spill when he lost control of the motorcycle he was driving. He suffered a broken hand and multiple abrasions.

7. ______________suffered a fractured jaw when he was thrown against the windshield of a car in which he was a passenger.

8. ________________________was a passenger in the right front seat of a car. When the car was involved in a collision, he was thrown out of the right front car door and killed.

9. ________________________injured his back and knee when he fell asleep and his car ran into a ditch.

10. ________________________was killed when the motorcycle he was riding collided with a bus.

cause all this injury and death, we list some typical 1972 accidents in this *Safety Memo* just as they were reported by our various operations. Only the names of the employees have been eliminated.

Review these accidents. Ask yourself whether you could have a similar accident this year. Your actions can prevent a similar accident happening to you—and members of your family during 1973—for years to come in fact.

Falls

1972 Total 4 Deaths
933 Disabling Injuries

1. As________________________was leaning out of a second-story window of his home while installing a storm window, he fell to the ground. Three vertebrae and his right thigh were broken.

2. ________________________fractured a rib when he slipped on ice and fell as he was getting out of his car.

3. ________________________fell down the cellar steps in his home and broke two ribs.

4. ________________________tripped over a cat and his arm went through a window pane. He suffered a lacerated tendon in his right forearm.

5. ________________________fractured his right ankle when he slipped and fell in a puddle of water in the basement of his home.

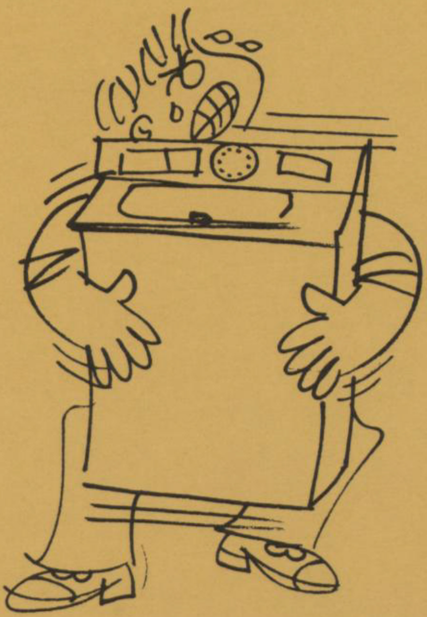
6. While working on the roof of his home,____________________ fell to the ground and fractured his right ankle.

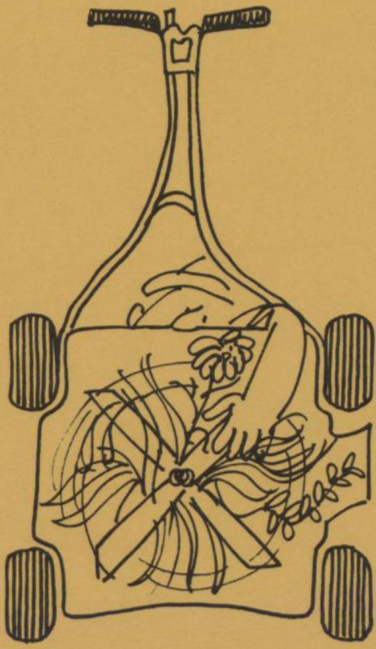
7. ________________________fractured his right wrist when he tripped and fell on the sidewalk in front of his home.

8. ________________________fractured his left ankle when he slipped on an icy curb and fell to the street.

9. ________________________broke his right ankle when he lost his balance and fell from a ladder while painting his house.

10. ________________________fell down the stairs in his home and died as a result of a fractured skull.





Other Causes

1972 Total

15 Deaths
1,601 Disabling Injuries

1. -------------------------tore the ligaments in his left knee while sliding into a base while playing baseball.

2. As a result of using his unprotected hands while mixing and pouring concrete at home,-------------------------suffered 2nd and 3rd degree lime burns to both hands.

3. -------------------------strained his back when he tried to lift an automatic washing machine in his home.

4. -------------------------was drilling a hole in his car with an electric drill when a piece of steel struck his right eye.

5. -------------------------tried to clear the clogged chute of his rotary power mower without stopping the engine. The blade amputated the tip of one finger and severely cut two other fingers.

6. -------------------------was burned on the face, neck, chest, and arms when he was showered by hot coolant as he removed the cap from his car's pressurized radiator.

7. As-------------------------was placing a loaded pistol on a table, the gun went off and the bullet struck him in the abdomen.

8. -------------------------broke his big toe when he stubbed it against a table while walking through a darkened room.

9. -------------------------was killed when his snowmobile skidded on ice and slammed into a tree.

10. -------------------------had two toes on his right foot amputated when he pulled a rotary lawn mower over his foot as he was mowing his lawn.

Printed in U.S.A.

Meet Ms. Christine Davis

Today's Management Material

Ms. Christine Davis is a full-fledged member of the "over-30" set. But her lifestyle and philosophy embrace ideals of the youth revolution and today's "liberated woman."

"It's no longer 'a man's world'," Christine says. "Women and youth today play more important roles in reshaping our society.

"Take a look at how far industry has come in the last decade. I'm black, female, and a staunch advocate of the feminist movement — not exactly management material by big industry standards 10 years ago. But times have changed."

Although Ms. Davis doesn't credit her success in "big business" to Federal and state laws, she does feel the new laws have given hope to minority groups, especially women. And she is helping shape that hope in her new position as Affirmative Action coordinator at Bethlehem's Burns Harbor, Ind., plant.

One of two coordinators there, Ms. Davis' job is to see that all jobs are fairly assigned, that minority-group employees have a fair crack at promotions, and, at the same time, to improve relations with neighboring communities.

"This is where it's at," she says, "helping people advance in their fields to the limits of their ability. It's personally and professionally rewarding to feel that I am fulfilling a real need."

Though Christine Davis feels she's found the corporate job that fits her at the present time, the job of Affirmative Action coordinator is not her first Bethlehem Steel job. She spent five years — 1966 to 1971 — as teacher-principal of Bethlehem's elementary school at one of our iron mines in El Pao, Venezuela. A graduate of the University of Cincinnati, Christine taught 17 years in Cincinnati schools, picking up a master's degree along the way. By 1966 she decided to stop teaching and work full time on a doctor's degree in education.

Knowing that language proficiency was a requirement for a doctor's degree, Christine took a unique route to increase her fluency in Spanish. She sought — and found with Bethlehem — a job teaching in a Spanish-speaking country.

After a "crash" refresher course in Spanish, she was off to Bethlehem's iron ore mine at El Pao, Venezuela — off to teach 2nd, 3rd, and 4th-grade youngsters and serve as principal of our school in the sparsely inhabited interior of Venezuela. "No question about it, I became fluent in Spanish while I was assigned to Venezuela."

But while Christine Davis taught children of our mining staff in Venezuela, things were changing back home. "Our involvement in Southeast Asia was escalating. Words like 'credibility gap,' 'youth revolution,' 'equal rights,' and 'women's lib' were appearing in things I read from home.

"I dropped the idea of a doctor's degree as I began to realize my professional growth potential lay in the less restrictive atmosphere of corporate life. So in 1971, I decided to return home to broaden my experience with Bethlehem."

On her return to the States, Ms. Davis went to work in the Burns Harbor plant's special projects section of its industrial relations department. A short time later, she was named a coordinator of the plant's Affirmative Action Program.

"I'm basically a humanist, and believe in the dignity of people and their capacity for self-realization through reason and understanding."

No question about it, Christine Davis is management material by Bethlehem's standards.

Office conversation is always easy with Christine, as Nancy Butkowski knows.

Mrs. Leach (far right) translates for the Colon family during a visit from Mrs. Thoder, a visiting nurse.

Lala Leach Cares:

She's the Best Friend They Ever Had

Most of Bethlehem, Pa., knows her as Mrs. Edward P. Leach, wife of the vice president of mining at the Bethlehem Steel Corporation, or as "Lala," a childhood name that stuck. But two generations of Puerto Ricans in the city know her as "Interprete" — or, possibly, as the best friend they ever had.

Although Lala, as a native Chilean, speaks fluent Spanish, there was little reason for her to become what amounts to the guardian angel of Bethlehem's Spanish-speaking residents.

When she and her husband moved from Chile to Bethlehem (in 1954) they had a family of five children, enough to fill her day. But Lala's strong principles have bred a sensitivity to other people's troubles. Her first opportunity to use her unique talents came when she least expected it — as she awaited the birth of daughter Judy in a labor room in St. Luke's Hospital in 1958.

Delivery in an American hospital was an unusually exciting event for her and, as she told the attending nurse of the births of her other children, she was interrupted by the nurse's anxious question, "Can you speak Spanish?"

"Then," said the nurse, "would you please talk to the girl in the next room? She's been in labor two days, doesn't speak a word of English, and we're having a difficult time with her."

Lala found a thoroughly terrified 18-year-old Puerto Rican wife in the next room. With her Spanish, plus her experience as a maternity patient, she was quickly able to calm the girl who, much to everyone's amazement, fell sound asleep only to awaken a short time later as her baby arrived.

This was her first awareness of a communications problem that existed in Bethlehem, but at that time the Puerto Rican population in Bethlehem was small and few realized their needs.

One who did was Austin Kunsman who was on the board of the Visiting Nurse Association and the Leach's druggist.

"Whenever I went in his store, Mr. Kunsman would ask me, 'Why don't you do something to help these Spanish-speaking people? The VNA tries to take care of them but the nurses don't understand what they're saying and they don't understand the nurses'."

Before long Lala was accompanying a VNA nurse several times a week on her rounds to Puerto Rican homes, interpreting for the patients. She also talked the VNA into starting a "well-baby" clinic for Spanish-speaking parents.

The clinic became a place where mothers not only could bring their babies for check-ups but also meet other women so that it soon took on the aura of a social center, Mrs. Leach notes.

Editor's Note: We are indebted to the Bethlehem *Globe-Times* for this story. It is reprinted, in shortened form, with the paper's permission.

Meanwhile, she had not forgotten the plight of the terrified young mother-to-be. Lala began to serve regularly in the obstetrics and medical clinics at St. Luke's and she became the person the hospital called at all hours when a Spanish-speaking patient needed an interpreter.

She was finding that the Spanish community looked to her in other ways, too. In 1964 she worked with Cuban families brought to Bethlehem. She helped track down apartments and furnishings, find employment for the men and familiarize the strangers with life in the city.

She was there when a Head Start program opened at South Terrace, selling hoagies to raise money for supplies and explaining the set-up to parents.

"The hardest part of our job," she says, "was in deciding who should be admitted. We had about 75 applicants and were forced to choose among them, knowing that each mother was hoping her preschooler could attend."

To Lala a lot of paper work, along with membership on boards, is not the way she prefers to serve. She would far rather act as chauffeur, since she sees the lack of transportation as a decided handicap for the Terrace residents, or as their spokesman with city officials, landlords, and health and housing authorities.

But her sympathies far transcend merely communication difficulties. She has entered into all phases of the lives of local Puerto Ricans.

She has attended their weddings and their funerals, she has interpreted for them in court and visited them in prison, she has been at their bedsides in hospital and home.

A serious illness during the past year forced Lala to curtail some of her time spent as an interpreter. Yet it is unlikely she would ever cut herself adrift from her Spanish-speaking friends.

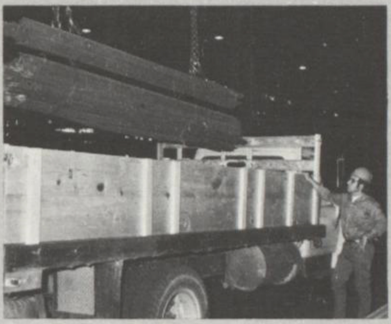
Certainly, in many, many Spanish-speaking homes in Bethlehem there is a fervent prayer offered each day: Que se mejore pronto, mi amigo! ("Get well quickly, dear friend.")

Bethlehem Steel Cares:

Bright Day at Rough Rock

A dedicated young industrial arts instructor, Wayne Arndt, has teamed up with Ray Tremblay, general manager of Bethlehem's Los Angeles, Calif., plant, to provide a new and meaningful training program for Indian high school students at the Rough Rock Community High School. The school is on the Navajo Reservation in northeastern Arizona, one of the largest Indian reservations in the country — almost the size of West Virginia.

Wayne's teaching welding to young Navajos; Ray's supplying the steel.



A load of scrap steel . . .

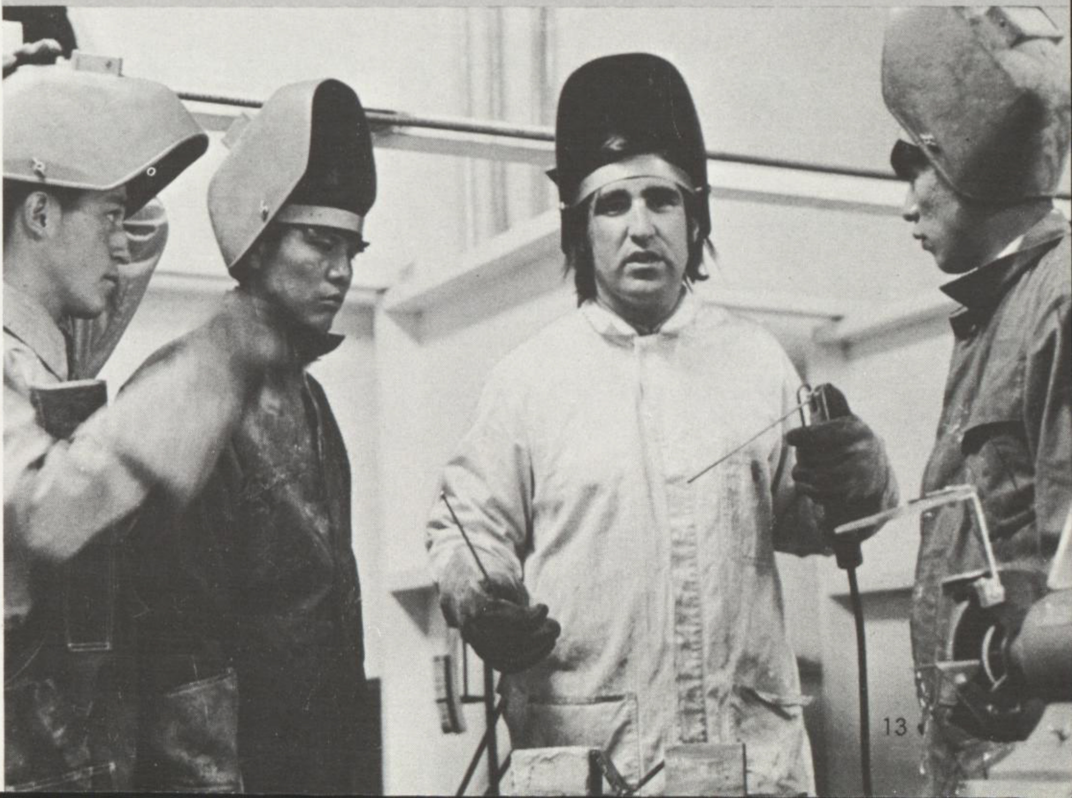
The school's program is an interesting blend of Navajo culture and vocational training. The school was developed — and is administered — by the Navajos themselves.

With funds from some private sources Wayne bought welding equipment for his students. But there was no local source of steel scrap on which to weld.

"Then I thought of Bethlehem Steel," Wayne said. Wayne had heard that Bethlehem would lend scrap steel for welding classes if it was returned when students were through with it. He telephoned his idea to Ray Tremblay at the LA plant.

A few days later, Wayne Arndt — after a hot, dusty, 900-mile trip from the reservation — wheeled his truck into the LA plant to pick up his scrap steel. And when that truckload has been welded and rewelded at Rough Rock and returned to the plant for remelting, another truckload will be there waiting for Wayne and his Rough Rock Navajo students.

. . . for welding students at Rough Rock.



There Is a Better Way

You don't have to be a "conservationist," even an "environmentalist," to be worried by the litter that dots our streets, roads, and highways. Everyone is. Everyone, that is, except the slovenly people who put it there.

Packaging materials — be they bottles, or cans, or newspapers, even cigarette packages — aren't litter. People make them litter when they toss them out of car windows or drop them on the sidewalk. A change in packaging practices won't end our litter problem. Only a change in people's habits will.

Roadside litter is only a tiny — but highly visible — part of our solid waste disposal problem. But it gets attention out of all proportion to its volume. And some of the attention is bad — at least a bit short-sighted.

Think about some of these statistics: On the average, each one of us generates about 7 pounds of household and commercial solid waste and 3 pounds of industrial solid waste every day of the year. That amounts to a million tons a day! In a year, the average person tosses out — not always in garbage cans — 575 pounds of paper, 250 metal cans, 138 glass bottles, and 338 caps and closures.

It costs about $4 billion a year to collect and dispose of this mountain of refuse. Yet in this trash there is perhaps $5 billion in recoverable metals alone.

Cities all across the country are looking at that last figure, and they are doing something about it. They're "mining" their household wastes at municipal incinerators or land-fill sites, and are recovering some of that $5 billion. At the same time they are reducing the land-fill area needed to dispose of the trash. In many places land-fill sites are almost impossible to find.

From Coast to Coast

From New Castle, Del., to Vancouver, Wash., and in 20 or more cities in between, communities are today recycling a portion of their solid wastes by recovering steel cans magnetically. In about 350 cities across the country, good citizens have been separating steel cans from their trash and turning them in for recycling. In 1971 (the last year for which figures are available) some 800 million steel cans were turned in by individuals for recycling. That's fine, but in Chicago, Ill., alone, 700 million additional steel cans were recovered municipally the same year — and Chicago realized over $100,000 doing it.

The small Ohio town of Franklin not only recovered 30 million steel cans in 1971, but it also recovered mountains of paper, glass, and cellulose in a municipal recycling operation. The cans were recycled in a nearby steel plant.

Cans recovered magnetically — that's one of the things that makes municipal recovery of steel cans so easy — at Vancouver, Wash., were remelted into new steel at Bethlehem's Seattle plant last November, in a demonstration conducted by the American Iron and Steel Institute for municipal and environmental leaders in the Northwest.

We firmly believe that municipal recovery of valuable materials in solid wastes is a far more logical and smarter route to take than oppressive taxes or deposits on non-returnable containers, as Washington's neighbor, Oregon, put into effect last October.

And we find that most people feel as we do. In a survey of 1,525 people, conducted by Opinion Research Corporation last year, only ½ of 1 percent of the people surveyed felt that bans on one-way containers would reduce the problems of litter and solid waste. Yet almost one-quarter of the people surveyed felt that recycling was the better solution.

We could not agree more.

One time when

$100=$200

Any second-grader can tell you that our headline arithmetic is wrong. It is. But again it isn't — not if you give a hundred dollars to your favorite college this year. For Bethlehem Steel is now matching, dollar for dollar, gifts its employees make to colleges and universities. It is also contributing fifty cents for each dollar given by employees to private secondary schools.

The cash grants from the corporation, it is hoped, will encourage employees' support of educational institutions as well as encouraging the institutions to broaden their base of financial support.

In announcing the new program, Stewart S. Cort, Bethlehem's chairman, said, "With inflation squeezing our schools in the same way it is squeezing everyone else, it is only proper that Bethlehem Steel share further in the alleviation of their financial pinch. Our future as a corporation is tied to good education just as surely as is the individual future of each of our employees."

Twice each year — at the end of June and December — Bethlehem will send checks to those schools to which any full-time employee of the corporation or one of its subsidiary companies has made a cash or securities contribution. The rules for eligibility for coverage under the program are simple:

- Gifts to accredited four-year colleges and universities, two-year junior or community colleges, graduate and professional schools, and technical institutes — which are qualified as tax deductible institutions by the Internal Revenue Service rules — are covered.
- The independent secondary schools covered are those which are privately supported, non-profit, accredited institutions — also eligible for IRS tax deductions.
- Naturally, Bethlehem will not, under the matching grants program, contribute to institutional alumni dues or publications costs paid by employees, entrance fees or tuition, book costs, or any other payments made by an employee to a school other than those made as direct contributions.

All Bethlehem employees have received literature describing the program. If an employee makes a contribution to an institution qualified for the matching gift, the institution returns a portion of the gift form to Bethlehem and Bethlehem's matching gift is then forwarded. Bethlehem will notify the employee when his gift is matched.

Bethlehem will match school contributions to institutions of higher learning by its employees up to $2,000 in any given year and will match $0.50 on each $1, on gifts up to $1,000, made to private independent secondary schools.

Bethlehem's matching grants to education program is being supervised by the Community Affairs Division, Public Affairs Department.

News Items

Attractive newsstand

SEATTLE, WASH. — Dennis Morgan's newsstand (above) at the corner of Third and Pike Streets here, is a far cry from the usual ramshackled, weather-beaten eyesores that stand on most city street corners. Dennis' stand is bright and colorful (gold, brown, and white), is easy to maintain (only soap and water needed), is inexpensive to erect (under $1,900), and it's modern. And it's all steel.

The 8½x3½x8-foot structure uses Bethlehem's Bethcon galvannealed sheets, produced at our Pinole Point, Calif., plant. Bethcon sheets were selected because of their economy, durability, and paintability.

New automotive steel

BETHLEHEM, PA. — Bethlehem will call its newest high-strength, low-alloy, hot-rolled sheet steel "Ultra-Form 80." It was developed in our Homer Research Laboratories. With a yield strength of up to 80,000 pounds per square inch, the new steel will find use in the automotive industry, as well as in railroad and agricultural equipment and heavy machinery applications.

In announcing the new product — shown for the first time in January at the SAE International Automotive Engineering Exposition in Detroit — Edward D. Bickford, Bethlehem's senior vice president, commercial, said, "Ultra-Form 80 was developed to meet the needs of design engineers who, under pressures to reduce costs and component weight, are turning increasingly to higher-strength steels."

Sad, but smiling

SAN FRANCISCO, CALIF. — The *SS President Wilson* had been a close friend of the three men shown above for 25 years when the passenger liner sailed on its last 95-day around-the-world cruise this past January. The *Wilson*, and its sistership, the *SS President Cleveland*, were built a quarter of a century ago at the former Bethlehem-Alameda Shipyard. The two vessels started out to be Navy P2-type transports, but World War II ended and they were converted into passenger liners.

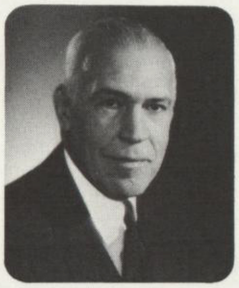
To suggestions that his ship, the *Wilson*, might be worn out after a quarter of a century at sea, Chief Engineer John Patton (left above) exclaimed, "Worn out, hell. I've been aboard the *Wilson* since the day it first sailed and it's as good as new."

Tending to agree with John is Emmet Jones (center), chief naval architect at Bethlehem's local shipyard. Emmet was the chief hull draftsman when the *Wilson's* keel was laid down. And William Quayle (right), now Bethlehem's local assistant manager for ship repair sales, was an assistant to the general manager of the old yard during the ship's construction.

Periodically, over the past quarter of a century, the *Wilson* and *Cleveland* have tied up at Bethlehem piers for service; twice Bethlehem yards modified them. But with the passing of the Federal Maritime Administration's operational subsidies, the ships are being retired after nearly 200 world cruises and more than 3.2 million miles of smooth sailing.

"It was like saying goodbye to a good friend," said Bill Quayle.

F. W. West elected



BETHLEHEM, PA. — Frederic W. West, Jr., vice president, manufactured products, sales, was elected executive vice president and a director of Bethlehem Steel Corporation at the board's meeting the end of January. He succeeds Ivor D. Sims, who retired in January, from both positions.

Mr. West joined Bethlehem in 1941 as a member of that year's Loop Course. He has sold steel products for Bethlehem from our district offices in Detroit, Cleveland, and Chicago. He has served in various sales executive positions here since January, 1969.

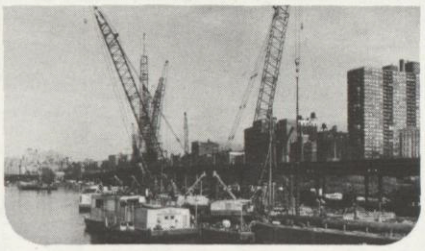
60th birthday for NSC

CHICAGO, ILL. — Bethlehem Steel was cited at the National Safety Council's annual meeting as one of 68 charter member corporations still active in the safety movement it helped establish 60 years ago.

Howard Pyle (right), president of NSC, presented a "charter year" plaque to Frank R. Barnako, Bethlehem's manager of safety and workmen's compensation division, industrial relations department.

Seattle plant cited

EUGENE, ORE. — Bethlehem's Seattle, Wash., plant received the annual distinguished achievement award from the Air Pollution Control Association's Pacific Northwest section for its "outstanding contribution to air pollution control."



They miss the real sight

New York, N.Y. — Nearly a quarter of a million motorists use this section of Henry Hudson Parkway (at 135th Street) every weekday, and most of them don't know what's going on beneath them. It's the start of the $228-million North River Pollution Control plant.

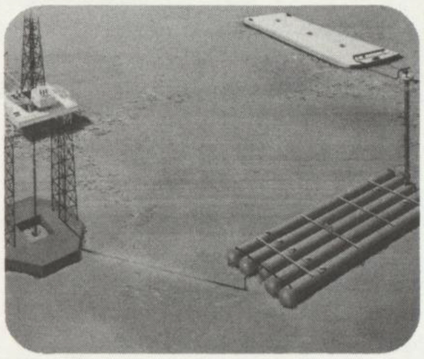
When completed in 1979, the plant will treat 220 million gallons of sewerage a day — and will provide a 28-acre park on its roof for city residents.

Above, the first of nearly 2,300 steel caissons, furnished by Bethlehem and ranging in diameter from 26 to 42 inches, are being driven. Bethlehem will ship nearly 90,000 tons of steel to the site before construction is completed.

"Ambassadors" tour Point

Sparrows Point, Md. — All 2,500 supervisory employees of Bethlehem's local plant have completed a 2¾-hour tour of the sprawling steel plant. The tour, and the slide presentation that preceded it, were designed to show supervisors how Bethlehem is fulfilling its social and economic responsibilities to the Baltimore area.

With the information gained, it is hoped that the supervisors will be better able to counter unjust or inaccurate criticism in their communities on such varied subjects as profits, environmental quality control, capital investments, and social responsibility. The "supers" thus become Bethlehem "ambassadors" to the general public.



Off-shore oil patent

Beaumont, Tex. — Lower initial costs, lower maintenance costs, and ease of installation are assured by a snorkel-like device (see above) for transferring oil from underwater storage tanks to barges or tankers on the surface. The device, invented by Ralph E. Scales, naval architect for Bethlehem's local shipyard, and James O. Whitley, Jr., chief of design, has been awarded a U.S. patent.

The new device, up to 300 feet in length, is rigid but it is connected at its base by a universal joint that lets it swivel depending on the drift of the vessel.

In support of the arts

Bethlehem, Pa.—Stewart S. Cort, Bethlehem's chairman, has announced a program of financial support for the cultural arts and educational television stations in its plant communities.

"Since box office receipts today cover only about half of the operating costs for cultural arts programs," said Mr. Cort, "we want to do our share to see that the financial pinch does not cause these activities to go under in the communities where we have operations. They contribute much to the cultural life of our employees in those cities."

Bethlehem's cultural grants will go, in the main, to professional rather than amateur groups, to groups which have broad community support, and to groups which are cultural and not primarily for entertainment purposes.

Briefs

BETHLEHEM, PA. — Over a period of six weekends, from late January into mid-March, over 21,000 Bethlehem Steel employees, their families, and townspeople toured our new corporate offices in Martin Tower here. The new 21-story headquarters building was dedicated, in the name of the corporation's former chairman, Edmund F. Martin, January 27.

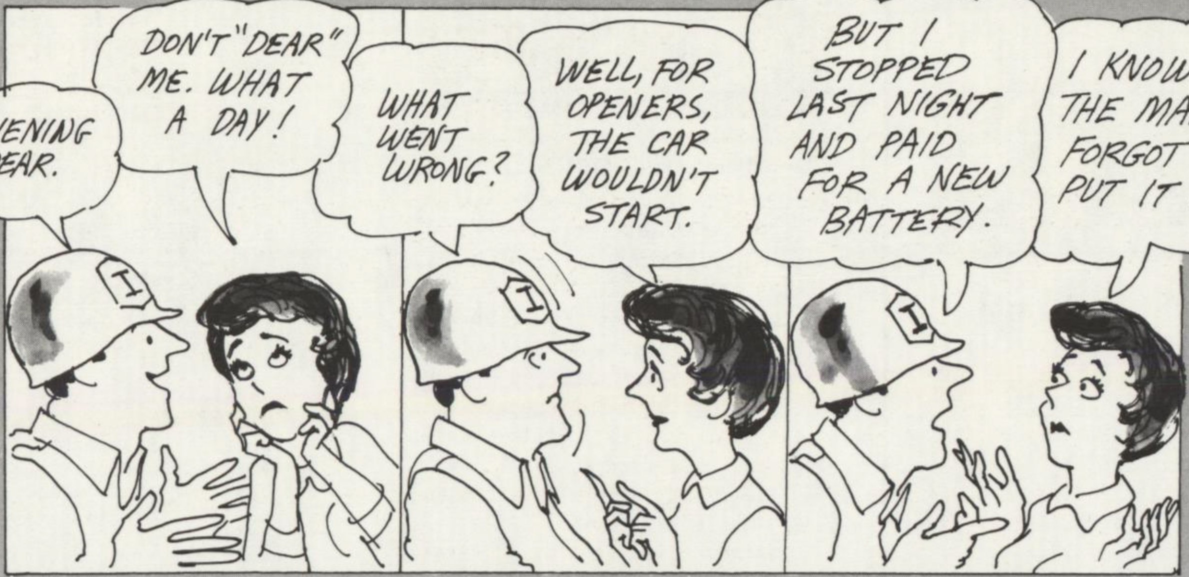
CENTURY CITY, CALIF. — The first steel column placed by Bethlehem's Western Erection District ironworkers for the twin 44-story Theme Towers here was the heaviest-per-lineal-foot column ever set in the United States. The 13-foot-long triangular section weighed 57 tons — almost four tons per foot. In all, Bethlehem ironworkers will erect nearly 34,000 tons of steel framing for the two triangular-shaped office buildings.

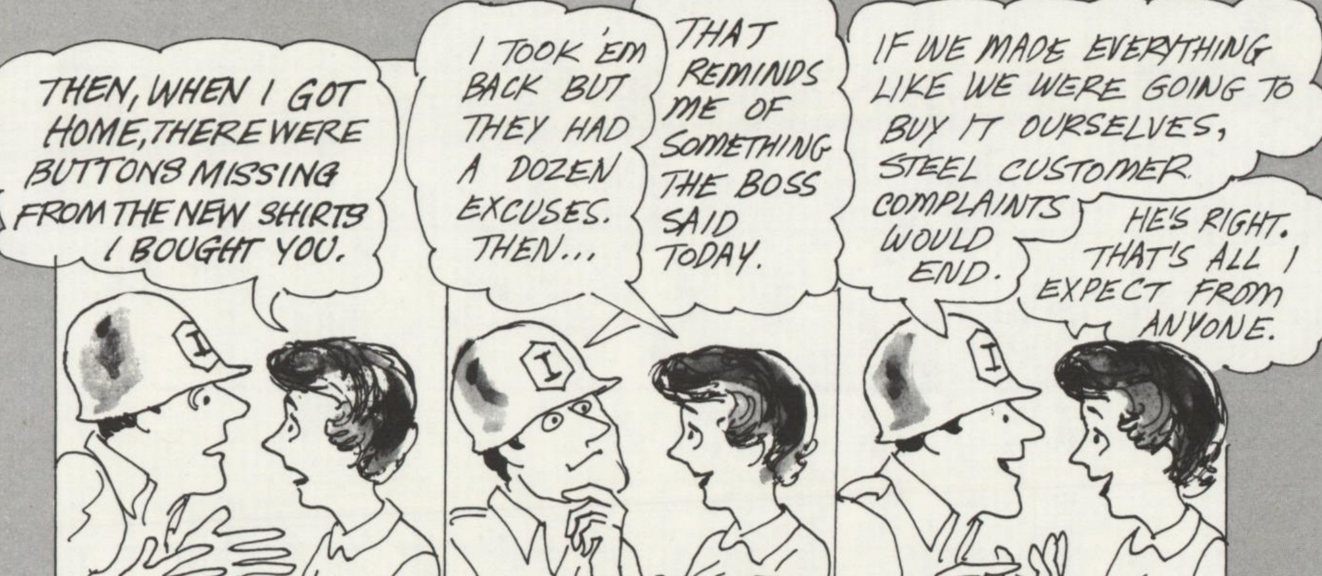
NEW YORK, N. Y. — Stewart S. Cort, chairman of Bethlehem Steel, was elected chairman and chief executive officer of American Iron and Steel Institute the end of February. He succeeds Edwin H. Gott, who also retired as chairman and chief executive officer of United States Steel Corporation. AISI is an association of over 75 iron and steel companies, accounting for about 95% of the raw steel produced in this country.

JOHNSTOWN, PA. — Bethlehem Steelworkers here seem to have a secret. Two plant employees became "instant millionaires" in the latter part of 1972, both holding winning tickets in the Commonwealth's monthly $1 million lottery. Lee Blough won in September. Dominick Raco, a Gautier craneman, won in December. He's retiring on a company pension, and his lottery winnings.

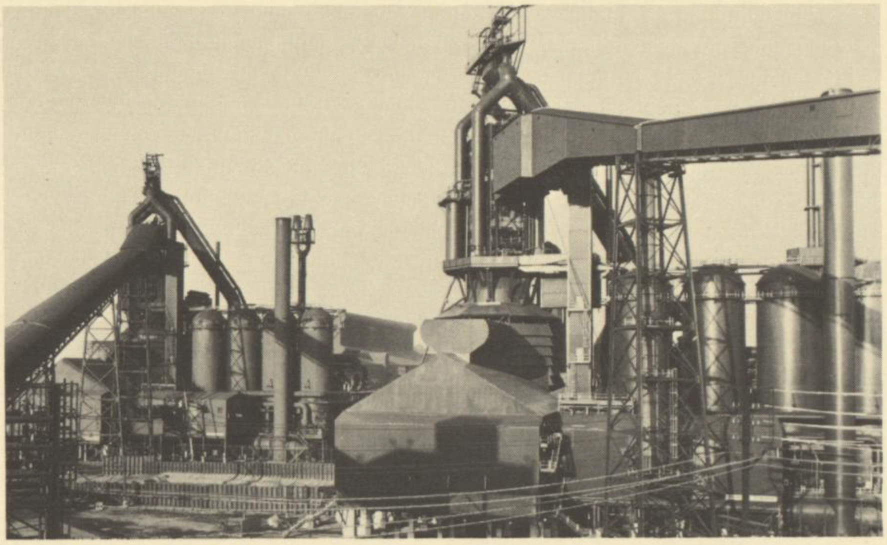
The Review is printed on 100% recycled paper

Hat's Off!


EVENING DEAR.
DON'T "DEAR" ME. WHAT A DAY!
WHAT WENT WRONG?
WELL, FOR OPENERS, THE CAR WOULDN'T START.
BUT I STOPPED LAST NIGHT AND PAID FOR A NEW BATTERY.
I KNOW, BUT THE MAN FORGOT TO PUT IT IN.


THEN, WHEN I GOT HOME, THERE WERE BUTTONS MISSING FROM THE NEW SHIRTS I BOUGHT YOU.
I TOOK 'EM BACK BUT THEY HAD A DOZEN EXCUSES. THEN...
THAT REMINDS ME OF SOMETHING THE BOSS SAID TODAY.
IF WE MADE EVERYTHING LIKE WE WERE GOING TO BUY IT OURSELVES, STEEL CUSTOMER COMPLAINTS WOULD END.
HE'S RIGHT. THAT'S ALL I EXPECT FROM ANYONE.

Annual Report to Employees



Burns Harbor plant's blast furnace "C" (right, above) was a record setter during 1972. Late in May it cast 5,659 tons of molten iron in a single day — just over 235 tons per hour.

Bethlehem's steelmaking operations in 1972 continued to improve their performance. The drop in net income came from losses incurred in our shipbuilding operations and in our shelter subsidiary, Multicon Properties, Inc.

Improvement Dollars Off

Investments in new and improved facilities during 1972 were well below previous years. Expenditures for additions and improvements to property, plant, and equipment fell to $183,584,000 in 1972, from over $300 million in 1971. And a big bite — actually over 10% — of the $183 million spent in 1972 was for pollution-control facilities. At the close of 1972, however, there were authorizations totaling more than $530 million for additions and improvements to facilities. This is up sharply from the December 31, 1971, authorizations of about $338 million.

The new Bethlehem, Pa., corporate headquarters, Martin Tower, was occupied in 1972. On the Great Lakes, the new ore carrier, *Stewart J. Cort,* completed its first shipping season, delivering just over two million tons of high-grade taconite pellets from Minnesota to our Burns Harbor, Ind., steel plant.

Much More to Come

The $532 million slated to be spent for additions and improvements will provide such major facilities as:

Bethlehem Plant — new steam generating facilities, a new coke oven battery, and increased forging capacity;

Burns Harbor Plant — additional storage space at the sheet and tin mills, a new continuous slab caster, and a new sintering plant;

Lackawanna Plant — a major addition to the bar mill complex;

Sparrows Point Plant — a pellet plant to convert iron-bearing dust recovered by pollution-control equipment into a useable blast furnace feed, a new sintering plant, vacuum-degassing facilities, and additional water-pollution abatement facilities;

Williamsport Plant — new facilities to produce 7-inch-diameter wire rope (the largest made anywhere in the U. S.).

Raw Materials Improvements

Physical improvements are also on the books for Bethlehem's raw materials facilities. A second underground iron-ore crushing plant is planned for Grace Mine, near Reading, Pa.

Work will continue in our Elkhorn (Ky.) Division to open and equip coal mine No. 29. Two new mines — No. 118 in the Kayford (W. Va.) Division and No. 131 in the Boone (W. Va.) Division — will be developed and equipped. Development and rehabilitation work will continue at the Cambria (Pa.) Division's No. 38 mine — acquired in 1971 — and a new coal seam will be mined at Mine No. 33 in that same division.

Interesting Facts about BETHLEHEM STEEL for 1972

Distribution of Bethlehem 1972 Revenues* — $3,138,177,000

	1972 Amount	1972%	1971%
Employment Costs........	$1.45 billion	46.1	44.1
Materials and Services....	$1.21 billion	38.5	39.9
Depreciation	$180.8 million	5.8	5.3
Taxes	$127.5 million	4.1	4.8
Paid to Stockholders......	$ 53.4 million	1.7	1.8
Interest and Other Charges.	$ 38.3 million	1.2	1.2
Reinvested in Bethlehem...	$ 81.2 million	2.6	2.9
Net Income............	$134.6 million	4.3	4.6

*In 1971 Bethlehem revenues were $2,999,358,000

Raw Steel Produced in 1972......18,334,000 net tons

Steel Products Shipped in 1972....12,494,000 net tons

Tear out this card and put it in your billfold. These facts may help you answer questions you're asked about Bethlehem and its people.

PUBLIC AFFAIRS DEPARTMENT
BETHLEHEM STEEL CORPORATION
BETHLEHEM, PA. 18016

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Annual Report to Employees

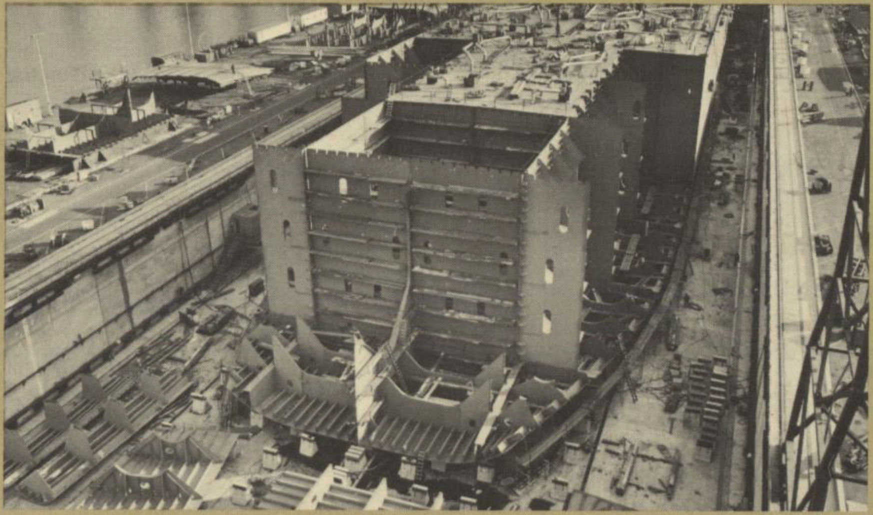
Shipyard Activity

At the close of 1972, Bethlehem yards had orders for 10 vessels with an aggregate of 1.38 million deadweight tons. The backlog included three 265,000-dwt. tankers (the largest ever built in this country); four 120,000-dwt. tankers; a 69,800-dwt. tanker; and two 22,400-dwt. container ships.

Also on the books were orders for 10 offshore drilling units, of which five are Bethlehem's newly designed semi-submersible drilling rigs.

But even with the bulging orderbook, serious economic problems have developed. Our shipbuilding yard at Sparrows Point, Md., is severely pinched by the pressure of fixed-price contracts, signed years ahead of delivery. At the time of signing, there was no accurate way to predict the rapid increases that occurred in materials and labor costs.

During 1972, our Sparrows Point yard delivered three 69,800-dwt. tankers and construction began on the first of four 120,000-dwt. tankers. Construction work on the first of three 265,000-dwt. tankers is scheduled to begin the first quarter of 1974.



The first of four 120,000-dwt. tankers takes shape in the Sparrows Point yard's building basin.

Safety Slips

Like steel production, Bethlehem's safety experiences in 1972 were far from satisfactory. Bethlehem's accident frequency rate — the number of disabling injuries per million man-hours worked — rose to 2.03 from the 1971 level of 1.88. Steel plants, however, showed a substantial frequency rate decline — to less than one disabling injury (0.92) per million man-hours worked from a 1971-level of 1.12. Manufacturing plants, fabricated steel construction works, and steel erection districts, however, recorded increases in their frequency rates.

For the second year in a row there was a decline in off-the-job injuries to Bethlehem employees. The rate in 1972 was 10.08 (again based on disabling injuries per million hours) from an 11.49 rate the year before. (See the *Safety Memo*, inserted between pages 10-11 of this issue, for more on Bethlehem employees' 1972 off-the-job accidents.)

Tear out this card and put it in your billfold. These facts may help you answer questions you're asked about Bethlehem and its people.

Facts About Bethlehem Steel People

	1972	1971
Average Monthly Employees	109,000	116,000
Total Employment Costs	$1.45 billion	$1.32 billion
Wages and Salaries	$1.20 billion	$1.11 billion
Employee Benefits	$250 million	$211 million
Insurance Payments	$25.9 million	$24.3 million
Medical Payments	$52.1 million	$48.9 million
SUB Payments	$18.1 million	$18.1 million
New Pensions	4,385	3,737
Pensions in Effect (12/31)	31,444	28,804
Pension Payments	$80.7 million	$67.5 million
Total Paid to Pensioners	$583 million	$503 million

Interesting Facts about Bethlehem Steel for 1972

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